

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

Competitive Product Prices  
Parcel Select Contract 3 (MC2012-32)  
Negotiated Service Agreement

Docket No. CP2012-40

PUBLIC REPRESENTATIVE COMMENTS ON  
POSTAL SERVICE NOTICE OF AMENDMENT TO  
PARCEL SELECT CONTRACT 3

(September 6, 2013)

I. INTRODUCTION

The Public Representative hereby provides comments pursuant to Order No. 1820.<sup>1</sup> In that Order, the Commission reopens the above referenced docket to receive comments from interested persons, including the undersigned Public Representative, on a Postal Service Notice to amend Parcel Select Contract 3.<sup>2</sup>

II. BACKGROUND

The Commission approved the original Parcel Select Contract 3 in Order 1414, dated July 25, 2012.<sup>3</sup> Currently, the Postal Service filed the notice that it has agreed to amend the existing Parcel Select Contract 3. The Postal Service asserts that the amendment “will not materially affect the cost coverage of Parcel Select Contract 3”

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<sup>1</sup> Notice and Order Concerning Amendment to Parcel Select Contract 3 and Request for Supplemental Information, August 30, 2013 (Order No.1820).

<sup>2</sup> Notice of United States Postal Service of Amendment to Parcel Select Contract 3, with Portions Filed Under Seal, August 28, 2013 (Notice).

<sup>3</sup> Order Adding Parcel Select Contract 3 to the Competitive Product List, July 25, 2012 (Order No. 1414). See also: Request of the United States Postal Service to Add Parcel Select Contract 3 to Competitive Product List and Notice of Filing (Under Seal) of Unredacted Governors’ Decision, Contract, and Supporting Data, July 12, 2012 (Request).

and, therefore, “the supporting financial documentation and financial certification initially provided in this docket remain applicable”. Notice at 1.

The Postal Service Notice includes a redacted version of the amendment to the existing Parcel Select Contract 3 filed under seal. As it was requested by the Commission in Order No. 1820, the Postal Service also filed supplemental information.<sup>4</sup> This information (filed under seal) includes the prices in effect for the contract year beginning August 1, 2013. The Postal Service indicates that the amendment changes the mechanism for the annual adjustment of prices effective August 1, 2014. Notice, Attachment A at 1-2 and Supplement at 1.

### III. COMMENTS

*Requirements of 39 U.S.C. § 3633.* Pursuant to section 3633(a), prices for competitive products must cover each product’s attributable costs, not result in subsidization of competitive products by market dominant products, and ensure that all competitive products collectively contribute an appropriate share of the institutional costs of the Postal Service. The Public Representative has reviewed the financial worksheets provided by the Postal Service in the initial Docket, the workpapers and documentation filed with the amendment (including supplemental information) as well as the Postal Service library reference related to Negotiated Service Agreements filed with FY2012 Annual Compliance Report<sup>5</sup>.

Based upon that review, the Public Representative concludes that the existing contract generates sufficient revenue to cover costs and satisfies the requirements of 39 U.S.C. § 3633(a). It also appears that the prices in effect for the contract year beginning August 1, 2013 should also generate sufficient revenue to cover costs during this contract year. The mechanism of annual adjustment of prices (included in the amendment and effective August 1, 2014) should help maintain the contract’s ability to meet the requirements of 39 U.S.C. § 3633(a) in subsequent years.

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<sup>4</sup> Response of United States Postal Service to Request for Supplemental Information, with portions filed under seal, September 4, 2013 (Supplement).

<sup>5</sup> Docket No. ACR2012, USPS-FY12-NP27, December 28, 2012.

The Public Representative is also mindful that the Postal Service continues to file cost, revenue and volume data associated with the instant contract in each year's Annual Compliance Report. This will aid the Commission in ensuring that Parcel Select Contract 3 complies with the requirements of 39 U.S.C. § 3633(a).

The Public Representative respectfully submits the foregoing comments for the Commission's consideration.

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